

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 9, 1956

IN THE MATTER OF:

CASE NO. 1065

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 9, 1956

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Application of Gulf Oil Corporation for an order)
granting an exception to Rule 309 (a) of the New Mexico)
Oil Conservation Commission Statewide Rules and)
Regulations to permit the production of more than eight)
wells into a common tank battery on its Harry Leonard)
(NCT-C) Lease in the Arrowhead Pool, Lea County,)
New Mexico.)
)

Applicant, in the above-styled cause, seeks an order)
approving a common tank battery to receive production)
from a maximum of ten wells on its Harry Leonard)
(NCT-C) Lease in the Arrowhead Pool; said lease)
composed of the E/2 SW/4 and N/2 of Section 36, Town-)
ship 21 South, Range 36 East, Lea County, New Mexico.)
Applicant states that there are eight wells presently)
producing on said state lease, a ninth well will be)
completed in the near future and applicant proposes)
to drill the tenth well in the undetermined future.)
)
-----)

Case No. 1065

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: Next case is Case No. 1065, application of Gulf Oil Corporation for an order granting an exception to Rule 309 (a) of the New Mexico Oil Conservation Commission Statewide Rules for their Harry Leonard Lease in the Arrowhead Pool, Lea County. Do you have a witness to be sworn?

MR. UPCHURCH: Claude Upchurch, attorney for Gulf Oil Corporation, I would like to have Mr. Walker sworn. Would you swear Mr. Walker, please?

DON WALKER sworn.

DIRECT EXAMINATION BY CLAUDE UPCHURCH

Q Mr. Walker will you state your name for the record and your - and by whom are you employed? And in what capacity.

A Don Walker, Gulf Oil Corporation, and I am employed in Fort Worth, Texas, as the Division Proration Engineer.

Q Mr. Walker, you have testified before the Commission before, have you not?

A Yes, sir.

Q Are his qualifications acceptable?

MR. MANKIN: They are.

Q Mr. Walker, would you state briefly the application that Gulf Oil Corporation has filed in Case 1065?

A In this application Gulf is requesting an order granting an exception to Rule 309 of the New Mexico Statewide Rules which will allow more than eight wells to produce in a common tank battery.

Q This application covers what lease?

A This application covers Gulf's Harry Leonard Lease - C Lease - which is composed of the E/2 of the SW/4 and N/2 of Section 36, Township 21 South, Range 36 East, in Lea County, New Mexico.

Q I note, Mr. Walker, that the application refers to this as the NCT-C Lease, would you explain that difference there from the designation of the Harry Leonard C - - - -

A The NCT which is non-contiguous tract is a company designation and it wasn't intended that it be used in the Commission correspondence. We would like for the Commission to continue to carry this property on the record as the

Harry Leonard C Lease.

Q Gulf Oil Corporation is the lessee and owner of this lease, is that right?

A That is right, sir.

Q And who is the royalty owner and lessor?

A The State of New Mexico.

Q They own all of the royalty.

A Yes, sir.

Q Mr. Walker, would you state briefly the location of the present battery on this lease?

A The battery is located 1320' from the south line and 1935' from the west line of said Section 36.

Q Is that the location as shown on this plat? We would like to introduce this plat as evidence.

A Yes, sir.

Q We would also like to introduce this plat of the general area.

MR. MANKIN: What designation would you like this to - -

MR. UPCHURCH: Exhibits A & B. Now, Mr. Walker, this battery, as shown located there on the plat which we introduced as Exhibit A, would you describe its component parts?

A Yes, sir. We, now, at this time have two 250 barrel stock tanks and two separators - one we call the regular separator and the other a test separator which we feel is suitable equipment to measure the production from each well and also accurately determine the capability of each well at regular intervals as prescribed by the New Mexico Commission rules.

Q And you can take all other required tests that the rules and regulations

require.

A Yes, sir.

Q At the present time, how many producing wells are on this lease from the Arrowhead Oil Pool?

A At the time of our application, which I believe was April 6, we had eight completed wells on this Harry Leonard C Lease and on April 18th a ninth well was completed - I believe for a 105 barrel potential from an interval 3746 to 3762, which is within the limits of the Arrowhead Pool.

Q How many additional locations can be made on this tract in the Arrowhead Pool?

A Only one. We have one other location that's in the northeast corner of that section.

Q And you are requesting in your application permission to utilize this battery for ten producing wells, is that right?

A A maximum of ten from the Arrowhead Pool.

Q In the event production is in excess of the amount in which you have present tankage, do you propose to have additional tanks?

A Yes, sir. At this time, prior to the completion of this ninth well, the eight wells only have capacity of 47 barrels total, which was certainly a lot of storage for 47 barrels a day; however, with the completion of the ninth well the potential of the capacities of these wells - our allowable will be 87 barrels a day, which with these two tanks will still give us approximately five days' storage, but in answer to your question when the tenth well is completed, I believe that we already have plans to install the third tank if it proves out to be a good well .

Q At the present time, what disposition is being made of the casinghead gas

produced in this tract.

A All the gas, except I believe 45,000 - this is during the month of March, 1956, 45 MCF was used on the lease, the rest of it went to our Gulf's Eunice testing plant.

Q Mr. Walker, in the event this application is granted, will it result in a substantial savings in steel and in economic savings to the operator and reduce the cost of operation and maintenance of this particular property?

A Yes, sir, it will. We believe that in the interest of economy and it's practical, we think that this application should be granted.

Q And in so doing, the correlative rights of all interested parties will be protected?

A Yes, sir.

Q That's all.

MR. MANKIN: Mr. Walker, this lease, the Leonard C Lease, is a state lease, is it not?

MR. WALKER: Yes, sir.

MR. MANKIN: And it is all common royalty?

MR. WALKER: Yes, sir.

MR. MANKIN: You mentioned two tanks, what size tanks?

MR. WALKER: 250's.

MR. MANKIN: So you have 500 barrel - - -

MR. WALKER: 500 storage.

MR. MANKIN: Which, at the present time, is several days' storage with the - -

MR. WALKER: Approximately five days with the present wells, and with the tenth well we do anticipate an additional tank. Two separators which give testing

facilities.

MR. MANKIN: Then I take it from your opening comments, Mr. Walker, that even though this application did say NCT - C, then all of your previous well records that are now being submitted and have been submitted to indicate the Harry Leonard C Lease rather than NCT-C in which you --

MR. WALKER: Yes, sir.

MR. MANKIN: You would desire that that continue and that this order likewise --

MR. WALKER: Reflect C.

MR. MANKIN: Reflect C rather than the NCT.

MR. WALKER: Yes, sir.

MR. GURLEY: Mr. Walker, I understand correctly, do I, that all of these wells are on the lease and are located on the same lease that your tank battery is on, is that correct?

MR. WALKER: Yes, sir.

MR. GURLEY: And that you have nine producing wells at this time that since your application you have - -

MR. WALKER: Today.

MR. GURLEY: Completed the ninth well.

MR. WALKER: Yes, sir.

MR. GURLEY: And the tenth one is started already or not?

MR. WALKER: No, sir, it hasn't been started.

MR. GURLEY: And you intend to have a maximum then of ten wells --

MR. WALKER: Maximum of ten, from the Arrowhead Pool, that is right.

MR. UPCHURCH: We would like to make it clear that there is no location been made for the tenth well; however, there is a possibility of a tenth well on the

tract with current spacing.

MR. WALKER: Well, they really do anticipate it, I believe, or it's on the program.

MR. MANKIN: Mr. Walker, is this production from the Grayburg?

MR. WALKER: Yes, sir.

MR. MANKIN: All wells are from the Grayburg.

MR. WALKER: Yes, sir.

MR. MANKIN: Is there further question of the witness in this case? Did you wish to have Exhibits A & B introduced in evidence?

MR. UPCHURCH: Yes, please.

MR. MANKIN: Is there objection in entering Exhibits A and B as evidence in this case? If not, they will be so entered. If there is no further question of the witness, the witness may be excused. Did you have anything else, Mr. Upchurch? Anyone have anything further in this case? If not we will take the case under advisement. Hearing is adjourned.

STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE)

I, Bobby Postlewaite, do hereby certify that the following and attached transcript of proceedings before the Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

Dated this 25th day of May, 1956.

Bobby Postlewaite